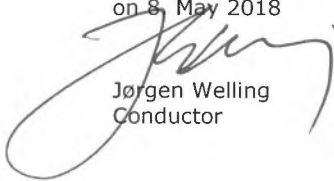

IBM Global Financing Danmark ApS

Annual Report for 2017

Kongevejen 495 B, DK-2840 Holte

CVR No 37 42 43 31

The Annual Report was
presented and adopted
at the Annual General
Meeting of the Company
on 8. May 2018



Jørgen Welling
Conductor

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Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of IBM Global Financing Denmark ApS for the financial year 1 January – 31 December 2017.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

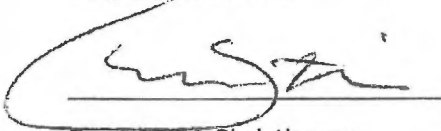
In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the affairs described.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holte, 8 May 2018

Executive Board



Søren Gert Christiansen

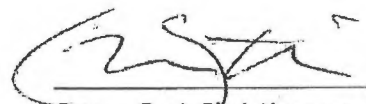
Board of Director



Jan Christer Renlund
Chairman



Mats Eric Eliasson



Søren Gert Christiansen

Independent Auditor's Report

To the Shareholders of IBM Global Financing Danmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of IBM Global Financing Danmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, notes and summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 8 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Brian Christiansen

State Authorised Public Accountant

mne23371



Henrik Jensen

State Authorised Public Accountant

mne33751

Company Information

The Company

IBM Global Financing Danmark ApS
Kongevejen 495B
DK-2840 Holte

Telephone: +45 45 24 00 00

Web site: www.ibm.com/financing/dk-da/

CVR No: 37424331

Financial period: 1 January – 31 December

Municipality of reg office: Rudersdal

Executive Board

Søren Gert Christiansen

Board of Directors

Jan Christer Renlund
Mats Eric Eliasson
Søren Gert Christiansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The Annual Report of IBM Global Financing Danmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

The Company's principal activities comprise leasing including both operating and finance leases of IT equipment – and relevant services as well as financing offered to businesses by way of loans and factoring.

Development in the period and expectations for the year ahead

The profit for period after tax amounts to DKK 26.416k, which is satisfactory and meets expectations for the period.

In 2018, the profit is expected to be above the level for the profit earned in this financial year.

Income Statement 1 January – 31 December

	Note	2017 DKK '000	2016* DKK '000
Gross profit		88.276	40.521
Staff expenses	1	-8.472	-4.822
Earnings before interest, tax, depreciation and amortisation (EBITDA)		79.804	35.699
Depreciation, amortisation and impairment losses for property, plant and equipment		-15.213	-6.946
Other operating expenses		-30.540	-7.800
Profit before financial income and expenses		34.051	20.953
Financial income	2	1.599	442
Financial expenses	3	-1.782	-333
Profit before tax		33.868	21.062
Tax on profit for the period	4	-7.452	-4.634
Net profit for the period		26.416	16.428
 Distribution of profit			
Proposed distribution of profit			
Retained earnings		26.416	16.428
		26.416	16.428

*Reporting period 4 February - 31
December 2016

Balance Sheet at 31 December

Assets	Note	2017	2016
		DKK '000	DKK '000
IT equipment		19.267	32.246
Total property, plant and equipment		19.267	32.246
Long-term lease receivables	5	405.771	486.850
Total fixed asset investments		405.771	486.850
Long-term receivables from group related companies		51.853	0
Total long-term receivables from group related companies		51.853	0
Total non-current assets		476.891	519.096
Factoring Receivables		1.086.875	1.071.916
Lease Receivables	5	744.697	510.828
Receivables from group related companies		1.424	450
Prepayments		154	65
Total receivables		1.833.150	1.583.259
Cash at bank and in hand		2.089	5.804
Current assets		1.835.239	1.589.063
Assets		2.312.130	2.108.159

Balance Sheet at 31 December

Liabilities and Equity	Note	2017	2016
		DKK '000	DKK '000
Share capital		60	60
Retained earnings		411.534	385.118
Equity		411.594	385.178
Provision for deferred tax	6	46.778	22.315
Provisions		46.778	22.315
Payables to group related companies	7	256.877	328.119
Long-term debt		256.877	328.119
Trade payables		111.465	94.882
Payables to group related companies	7	1.462.184	1.263.838
Other payables		21.182	11.283
Deferred income		2.050	2.544
Short-term debt		1.596.881	1.372.547
Debt		1.853.758	1.700.666
Liabilities and equity		2.312.130	2.108.159
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		
Consolidated financial statements	10		
Significant subsequent events	11		

Notes to the Annual report

	2017	2016*
	DKK '000	DKK '000
1 Staff expenses		
Payroll	6.590	3.876
Pensions	1.850	935
Other social security expenses	32	11
	8.472	4.822
Average number of employees	12	
2 Financial income		
Interest income, group related companies	1.157	375
Other financial income	5	67
Foreign exchange gains	437	0
	1.599	442
3 Financial expense		
Interest expense, group related companies	1.268	312
Other financial expense	48	20
Foreign exchange loss	118	1
Share option	348	0
	1.782	333
4 Tax on profit for the period		
Current tax for the period	17.011	17.681
Deferred tax for the period	-24.463	-22.315
	-7.452	-4.634
which breaks down as follows:		
Tax on profit for the period	-7.452	-4.634
	-7.452	-4.634
5 Lease Receivables		
Within 1 year	744.697	510.828
Between 1 and 5 years	405.771	486.850
	1.150.468	997.678

*Reporting period 4 February - 31 December 2016

Notes to the Annual report

	2017	2016*
	DKK '000	DKK '000
6 Provision for deferred tax		
Provisions for deferred tax at 1 January	22.315	0
Deferred tax recognised in the income statement	24.463	22.315
Provision for deferred tax at 31 December	46.778	22.315

7 Debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due for payment as specified below:

Payables to group related companies

Between 1 and 5 years	256.877	328.119
Long-term part	256.877	328.119
Other short-term debt to group related companies	1.462.184	1.263.838
	1.719.061	1.591.957

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities, including lease and guarantee obligations as well as other contingent liabilities

6.244	2.482
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The Group's Danish enterprises are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total accrued corporation tax is disclosed in the annual report of IBM Danmark ApS, which is the management company under the joint taxation. Moreover, the group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

*Reporting period 4 February - 31 December 2016

9 Related parties and ownership

Controlling interest

IBM Global Financing Investments II B.V. holds 100% of the shares of IBM Global Financing Danmark ApS.

10 Consolidated financial statements

The company is a part of the consolidated statement of:

Name:
IBM Credit LLC

Place of registered office:
North Castle Drive, Armonk, New York 10504, United States of America

11 Significant subsequent events

No events have occurred after the balance sheet date which materially affect the assessment of the Company's financial position.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of IBM Global Financing Danmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK thousands.

Presentation currency

The Company uses Danish kroner as the measurement currency. All other currencies are regarded as foreign currencies.

Business combinations

Intragroup business combinations are accounted for by the uniting-of-interests method without any restatement of comparative figures (the book value method). Whereby assets and liabilities acquired are measured at carrying amounts and recognized at the date at the acquisition.

The difference between the consideration agreed and the carrying amounts of the acquired assets and liabilities of the acquired enterprise is recognised in equity.

IBM Global Financing Danmark ApS has acquired the leasing and lending activities, including related assets and liabilities from IBM Danmark ApS at 1 st August 2016.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Leases

Leases under which all material risks and rewards have been transferred to the lessee are classified as finance leases and are recognised in assets held under lease receivables. Finance leases are measured at the present value of future minimum lease payments. All other leases are considered operating leases.

Notes, Accounting Policies

Income statement

Gross profit/loss

With reference to section 32 of Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue comprises interest income from loans and finance leases as well as lease payments from operating leases.

The Company recognises interest on loans and finance leases in the income statement when revenue can be measured reliably and it is probable that future economic benefits will flow to the Company. Interest income is recognised based on the effective interest method.

When computing the lease payments on finance leases, the interest rate implicit in the lease is applied as the discount rate and the related interest is recognised as income in the income statement.

Income from leases moreover comprises lease payments from operating leases. Lease payments from operating leases are recognised on a straight-line basis over the term of the leases.

Other external expenses

Other external expenses comprise expenses for premises, travel as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries, including holiday pay and pensions as well as other social security expenses, etc. to the Company's employees.

Depreciation, amortisation and impairment losses

Depreciation, amortisation, and impairment losses comprises depreciation, amortisation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest as well as realised and unrealised exchange adjustments, and are recognised in the income statement at the amounts relating to the financial year.

Notes, Accounting Policies

Tax on profit for the year

Tax for the year consists of current tax for the period and deferred tax for the period. The tax attributable to the profit for the period is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and other taxes, respectively. The Company is jointly taxed with Danish group enterprises.

The current corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost with the addition of revaluations and less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost with the addition of revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

IT equipment	3-5 Years
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The depreciation period and residual value of the Company's property, plant and equipment is subjected to an annual reassessment.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes, Accounting Policies

Receivables

Receivables comprise loans and lease receivables

Leases under which all material risks and rewards have been transferred to the lessee are classified as finance leases and are recognised in receivables. Receivables from finance leases are measured at the present value of future lease payments. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate. Assets acquired under finance leases are not subject to any depreciation or impairment and are presented as receivables. The interest included in the lease payment is currently recognised as income in the income statement.

All other receivables are measured at the lower of amortised cost and net realisable value, which correspond to nominal value less provision for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Financial debts

Debt such as loans from group related companies, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently the loans are measured at the amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on temporary differences concerning non-taxable amortisable goodwill as well as other items is not recognised where, unless arising from acquisitions, they have arisen at the date of acquisition without affecting the profit for the period or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes, Accounting Policies

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the period, adjusted for tax on the taxable income of previous periods and for taxes paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in financial income and expenses in the income statement.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.